

Background Information

The California Cultural and Historical Endowment (CCHE) is currently administering two rounds of funding totaling over \$118 million for 108 grants.

As the projects progress through various phases of their grant agreement, a range of issues regarding the change of scope, budget and location have been brought to the attention of CCHE staff.

Since there is no specific CCHE policy that addresses situations for CCHE staff to approve a modification or amendment to an existing grant agreement, the following language is proposed for further CCHE Board consideration and deliberation.

Current Language Regarding a Material Change in the Original Information Submitted to CCHE

The following language is in CCHE's application materials:

If a project has undergone a material change from the original application submitted, they will be asked to withdraw its application.

A material change will be reviewed on a case-by-case basis but the following factors will be used to determine if a material change exists:

- *A significant change or alteration in the budget and matching fund structure that was originally submitted in the CCHE Grant Application (e.g. over a 30% shift in one or more of the categories.)
- *A change of circumstances altering the structure of the Project or affecting the applicant's ability to implement the Project.
- *Change of key personnel that would no longer make it feasible to carry out the Project.
- *New information submitted to CCHE that would have the ability to fundamentally change the financial or operational ability of an entity applying for a grant award.

Proposed Language to Clarify CCHE Policy when Modifications and Amendments are Warranted

The information and definition provided under material change, however, does not address circumstances where the CCHE Board has approved a project for funding or reserved funding, and subsequently a modification or amendment rather than withdrawal of an application is proposed.

Therefore, the following criteria are suggested for CCHE Board consideration: If an applicant is interested in modifying or amending its existing grant agreement with CCHE, it is required to bring this to the immediate attention of CCHE staff.

A modification or amendment will be reviewed utilizing the following factors. If it appears that one or more factors will be affected by the modification or amendment, the Project will be asked to come before the CCHE Board for further review and the CCHE Board will determine on a case by case basis whether the grant agreement should be terminated or be allowed to continue as amended.

Factors to be considered:

Project Thread

If the proposed modification/amendment to the original application does not substantially change the scope of the project thread, the project should be allowed to continue in its modified/amended form.

However, if the physical property of the project serves as the primary thread of the Project, and the modification/amendment will no longer incorporate the physical property, the CCHE staff will recommend termination of the CCHE Grant Agreement.

Project Location

The CCHE Board has an interest in supporting projects located in all regions of the State. Therefore, the location of a proposed project is considered an important factor in whether to award funding for a project.

If a project has requested a change of geographical location, the following factors will be considered:

1. Whether there is a similar, established project or a project planned in the near future, similar in its purpose and goals that is in close proximity to the area that the applicant wishes to relocate its project.
2. Whether the project thread and general purpose of the project will no longer be effective in a new location.
3. Whether public opposition has been expressed in relocating the project to the proposed site.
4. Whether the funding for the project, CEQA compliance and long term control requirements of CCHE can be fulfilled within a reasonable amount of time.
5. Whether geographic diversity was a factor in approving the project, and that factor is no longer met by the change in location.

CEQA

In order for CCHE to consider funding a project grant, the project must be in compliance with CEQA.

Thus, if the proposed modification/amendment to a project would cause a change in the type of documentation a project will need to be in CEQA compliance, and the project will need to undergo new environmental requirements that may cause an unreasonable delay in compliance and great expense, the applicant will need to provide CCHE with a specific and detailed timeline and new budget as to how and when they expect to comply with CEQA and pay for the additional costs.

The proposed budget must be substantiated by documentation submitted by a qualified expert not directly affiliated with the Project.

Audience

If the proposed amendment causes a change in the original audience to the project because of change of project thread or location, it will be considered by the CCHE Board in making their determination as to whether or not to grant an amendment or terminate the Grant Agreement.

Access

If the proposed amendment causes a change in public access to the project because of change of project thread or location, it will be considered by the CCHE Board in making their determination as to whether or not to grant an amendment or terminate the Grant Agreement.

Capacity of Applicant

Changes in key personnel, budgetary changes involving specific tasks indicated in the work plan, and local, regional zoning or planning laws may should also be considered.

If any of the above mentioned changes affect the overall capacity of an applicant, CCHE will inquire as to the effect of these changes and if it is determined that the proposed amendment in any of these categories will greatly reduce the possibility for the project to continue or be completed, CCHE will report its findings to the Board to take appropriate measures to either terminate the Grant Agreement or allow the project to continue with the changes.